



STATE OF NORTH CAROLINA
OFFICE OF STATE BUDGET AND MANAGEMENT

BEVERLY EAVES PERDUE
GOVERNOR

ANDY WILLIS
STATE BUDGET DIRECTOR

January 5, 2012

The Honorable Phil Berger, President Pro Tempore
NC Senate
16 West Jones Street, Room 2008
Raleigh, NC 27601-2808

The Honorable Thom Tillis, Speaker
NC House of Representatives
16 West Jones Street, Room 2304
Raleigh, NC 27601-1096

Co-Chairs, Joint Legislative Commission on Governmental Operations

Dear President Pro-Tempore Berger and Speaker Tillis:

Pursuant to Section 10.60(e) of Session Law 2011-145, all changes to the budgeted allocations to the Block Grants administered by the Department of Health and Human Services must be approved by the Office of State Budget and Management (OSBM) and OSBM shall consult with the Joint Legislative Commission on Governmental Operations prior to implementing the changes. The purpose of this letter is to confirm OSBM's approval of the realignment of Child Care and Development Fund Block Grant dollars and to serve as notification to the Commission that OSBM intends to implement this change after fulfilling the consultation requirement.

If further information is needed, please contact Pam Kilpatrick, Assistant State Budget Officer for Health and Human Services, by telephone at 807-4722 or by email at pam.kilpatrick@osbm.nc.gov.

Sincerely,

A handwritten signature in dark ink, appearing to read "Andy Willis".

Andy Willis

cc: Representative Marilyn Avila., Chair, House of Representatives Appropriations Subcommittee on Health and Human Services
Representative Justin Burr, Chair, House of Representatives Appropriations Subcommittee on Health and Human Services
Senator Stan Bingham, Chair, Senate Appropriations Committee on Health and Human Services
Senator Harris Blake, Chair, Senate Appropriations Committee on Health and Human Services
Senator Louis Pate, Chair, Senate Appropriations Committee on Health and Human Services
Pam Kilpatrick, Assistant State Budget Officer, Office of State Budget and Management
Mark Trogon, Director, Fiscal Research Division



North Carolina Department of Health and Human Services

Division of Budget and Analysis

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Beverly Eaves Perdue, Governor
Lanier M. Cansler, Secretary

James B. Slate, Jr., Director

January 4, 2011

Pam Kilpatrick, Assistant State Budget Officer
Office of State Budget and Management
116 West Jones Street
Raleigh, NC 27603 - 8005

Dear Ms. Kilpatrick:

Pursuant to Section 10.60(e) of Session Law 2011-145, all changes to the budgeted allocations to the Block Grants administered by the Department of Health and Human Services must be approved by the Office of State Budget and Management and OSBM shall consult with the Joint Legislative Commission on Governmental Operations prior to implementing the changes. The purpose of this letter is to satisfy this reporting requirement for the realignment of Child Care and Development Fund (CCDF) Block Grant dollars. Specifically, the Division of Child Development and Early Education (DCDEE) has identified a need to realign funds from the administrative expenses (nondirect subsidy services support) to the subsidized child care services allocation for the current state fiscal year.

Each year, counties receive CCDF funds for eligibility determination, or nondirect subsidy services support, as part of their subsidy allocation. These amounts are calculated based upon a legislatively prescribed allocation formula that is detailed in the budget bill. For purposes of providing an estimated amount for services support resulting from this formula, overall availability for subsidy funding is estimated prior to final passage of the budget. Once a final budget is passed the allocation is re-rerun based upon final availability of subsidized child care funding as adopted in the budget bill. For SFY 11-12, this was approved in the CCDF legislative block grant plan as \$16,471,587.

The final version of the budget included a reduction of \$12,915,674 in appropriations for subsidy. Based upon the subsidy allocation formula, these factors resulted in the maximum amount of CCDF that counties may use for services support to change to \$15,898,602. However, it is possible that this amount may be less, as some counties may choose to use some of those funds for direct services. The total amount of CCDF funds allocated to counties for subsidized child care has not changed. The total reduction to administrative expenses and increase to subsidized child care services is \$572,985.

DCDEE proposes to realign the CCDF subsidized child care services allocation as outlined below.

CCDF Budget Item	As Enacted SL 2011-145	Funds After Realignment
CCDF Subsidized Child Care Services	\$ 158,004,959	\$ 158,577,944
CCDF Child Care Services Support	<u>\$ 16,471,587</u>	<u>\$ 15,898,602</u>
Total	<u>\$ 174,476,546</u>	<u>\$ 174,476,546</u>

If further information is needed, please contact Janice Fain at DCDEE at 662-4535. Thank you.

Sincerely,



Jim Slate, Director
DHHS Division of Budget and Analysis

cc: Joe White, Budget Analyst, Office of State Budget and Management